

**TESTIMONY OF
SAINT FRANCIS HOSPITAL & MEDICAL CENTER
SUBMITTED TO THE
APPROPRIATIONS COMMITTEE
Friday, February 14, 2014**

**HB 5030, An Act Making Adjustments to State Expenditures For The
Fiscal Year Ending June 30, 2015**

Saint Francis Hospital & Medical Center appreciates the opportunity to submit testimony concerning **HB 5030, An Act Making Adjustments to State Expenditures for the Fiscal Year Ending June 30, 2015.**

Since the passage of the biennium budget last May, CHA and its members have been working with the Office of Policy and Management (OPM) and the Department of Social Services (DSS) to develop a new payment framework for acute care hospitals that provides stable and predictable resources to hospitals while improving care, addressing the growth expected in enrollees and meeting the demand to provide high-quality health care services in the most cost-effective fashion.

Saint Francis suffered from last year's budget actions, which imposed a tax of \$336 million on hospitals over the biennium. We have made some difficult choices in our effort to minimize the impact of this state payment reduction on patient care. Some of these choices include:

- The elimination of nearly 100 positions, all of which exceeded the new minimum wage increase of \$10.10 recently proposed for Connecticut;
- The elimination of a wage increase for all of our employees in FY2013 and the reduction of other health and non-health benefit payments;
- Reduction of 50% in the amount of community support provided for a wide range of local community activities;
- Postponement or curtailing of new service initiatives along with consolidation of service sites where appropriate.

Altogether, in the last year, Connecticut hospitals have eliminated more than 1,400 jobs, reduced staff salaries and benefits, reduced some services, and postponed investments in technology and infrastructure. This is having a negative effect on the state economy, an economy that has produced only 40,000 additional jobs since the end of the Great Recession. This job growth rate is far slower than that of the nation as a whole and this number represents less than half the jobs originally lost in Connecticut. Yet despite these economic challenges, we are hopeful that working with the Administration and General Assembly we can preserve health care jobs and improve quality of care by redesigning the Medicaid program with a keen focus on patients and improving the care they need.

CHA and its hospital members are proposing a plan that aligns with the state's health reform agenda; builds upon the existing Medicaid FFS payment system; focuses on programs to improve access to appropriate care, thereby reducing disparities and improving population health; uses quality metrics to track and reward change; and invests in hospitals that achieve the shared vision.

Saint Francis has always been committed to improving patient experience and ensuring that every person receives safe, excellent care. In fact we believe that just like clean air, pure water, and excellent education facilities, a high-quality healthcare system is a foundational building block for any successful economic growth policy as it creates an environment that creative businesses and skilled workers expect.

In pursuit of excellence in patient care and quality, Saint Francis has recently received a variety of awards including:

- "Great Hospital" rankings for Heart Services and Orthopedic Surgery from **Beckers' Hospital Review**,
- Best Hospital for Surgery from **Consumer Reports**,
- Leadership in Healthcare Innovation from the **Association of American Medical Colleges** and **Alliance of Independent Academic Medical Centers**,
- Recognition as a hospital "A" Safety Score from the **Leap Frog Group**
- Recognition for clinical excellence from **Health Grades**, respectively.

Investing in better care for the people of Connecticut is a good economic policy for the state. Your hospital industry is proposing a series of quality incentives that are tied to producing results. The incentives would be sourced by a \$30 million appropriation of state funds, which would be matched by \$70 million in federal funds. Payout from the incentive pool would be conditioned on achieving results.

This Medicaid redesign plan would improve people's lives. Connecticut's hospitals stand ready to put this plan in place effective July 1, 2014. Please vote to modify the budget to include the investment dollars necessary to make it happen.

Thank you for your consideration of our position.